

Incoming, C0070033

3730

&



A PROFESSIONAL
LAW CORPORATION

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January 24, 2011

BY HAND DELIVERY

Daron Haddock
Coal Program Manager
Utah Division of Oil, Gas & Mining Coal Program
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114

Re: **Application for Permit Transfer to the Intermountain Power Agency
("IPA"), Wildcat Loadout Facility, C/007/033**

Mr. Haddock:

In connection with the proposed transfer of the Wildcat Loadout Facility by Andalex Resources, Inc. to IPA, you will find enclosed the following items:

1. Original Application for Coal Permit Process (Forms C1 and C2) executed by IPA dated January 24, 2011;
2. Three Copies of the Application for Transfer, Assignment or Sale of the Wildcat Loadout Facility – Permit No. C/007/033 ("Application"); and
3. One copy of the confidential information referenced in the Application (provided in a separate envelope).

RECEIVED
JAN 25 2011
DIV. OF OIL, GAS & MINING

le In C 0070033 *Incoming*
Date: 01/25/2011, Refer to:

☒ Confidential
☐ Shelf
☐ Expandable

For additional information

Daron Haddock
January 24, 2011
Page Two

Please let us know if the application is complete and ready for publication. If you have any questions or comments, please do not hesitate to contact me.

Sincerely,

Parsons Behle & Latimer



Jason S. Nichols

Enclosures

cc: John Aguilar (by email; w/o encls.)
Eric Bawden (by email; w/o encls.)
Denise Dragoo (by email; w/o encls.)
Ron Rencher

APPLICATION FOR COAL PERMIT PROCESSING

Permit Change ☐ New Permit ☐ Renewal ☐ Exploration ☐ Bond Release ☐ Transfer ☒

Permittee: Intermountain Power Agency (new)

Mine: Wildcat Loadout Facility

Permit Number: C/007/033

Title: James A. Hewlett, IPA General Manager

Description, Include reason for application and timing required to implement:

Transfer from ANDALEX Resources, Inc., effective upon Division of Oil, Gas and Mining approval

Instructions: If you answer yes to any of the first eight questions, this application may require Public Notice publication.

- ☐ Yes ☒ No 1. Change in the size of the Permit Area? Acres: _____ Disturbed Area: _____ ☐ increase ☐ decrease.
- ☐ Yes ☒ No 2. Is the application submitted as a result of a Division Order? DO# _____
- ☐ Yes ☒ No 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area?
- ☐ Yes ☒ No 4. Does the application include operations in hydrologic basins other than as currently approved?
- ☐ Yes ☒ No 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond?
- ☒ Yes ☐ No 6. Does the application require or include public notice publication?
- ☒ Yes ☐ No 7. Does the application require or include ownership, control, right-of-entry, or compliance information?
- ☐ Yes ☒ No 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
- ☐ Yes ☒ No 9. Is the application submitted as a result of a Violation? NOV # _____
- ☐ Yes ☒ No 10. Is the application submitted as a result of other laws or regulations or policies?

Explain: _____

- ☐ Yes ☒ No 11. Does the application affect the surface landowner or change the post mining land use?
- ☐ Yes ☒ No 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2)
- ☐ Yes ☒ No 13. Does the application require or include collection and reporting of any baseline information?
- ☐ Yes ☒ No 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
- ☐ Yes ☒ No 15. Does the application require or include soil removal, storage or placement?
- ☐ Yes ☒ No 16. Does the application require or include vegetation monitoring, removal or revegetation activities?
- ☐ Yes ☒ No 17. Does the application require or include construction, modification, or removal of surface facilities?
- ☐ Yes ☒ No 18. Does the application require or include water monitoring, sediment or drainage control measures?
- ☐ Yes ☒ No 19. Does the application require or include certified designs, maps or calculation?
- ☐ Yes ☒ No 20. Does the application require or include subsidence control or monitoring?
- ☐ Yes ☒ No 21. Have reclamation costs for bonding been provided?
- ☐ Yes ☒ No 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream?
- ☐ Yes ☒ No 23. Does the application affect permits issued by other agencies or permits issued to other entities?
- ☒ Yes ☐ No 24. Does the application include confidential information and is it clearly marked and separated in the plan?

Please attach three (3) review copies of the application. If the mine is on or adjacent to Forest Service land please submit four (4) copies, thank you. (These numbers include a copy for the Price Field Office)

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

James A. Hewlett General Manager 1-24-2011
Print Name Position Date Signature (Right-click above choose certify then have notary sign below)

Subscribed and sworn to before me this 24 day of Jan., 2011

Notary Public: Krista R. Paull, state of Utah.

My commission Expires: 9-1-2011

Commission Number: 570736

Address: 5161 S. 1130 W.

City: Taylorsville State: UT Zip: 84123



KRISTA R. PAULL
NOTARY PUBLIC-STATE OF UTAH
10653 S. RIVER FRONT PKWY #120
SOUTH JORDAN, UT 84095
COMM. EXP. 09-01-2011

For Office Use Only:

Assigned Tracking
Number:

Received by Oil, Gas & Mining

RECEIVED

JAN 25 2011

DIV. OF OIL, GAS & MINING

Permittee: Intermountain Power Agency (new)
Mine: Wildcat Loadout Facility
Title: James A. Hewlett, IPA General Manager

Provide a detailed listing of all changes to the Mining and Reclamation Plan, which is required as a result of this proposed permit application. Individually list all maps and drawings that are added, replaced, or removed from the plan. Include changes to the table of contents, section of the plan, or other information as needed to specifically locate, identify and revise the existing Mining and Reclamation Plan. Include page, section and drawing number as part of the description.

[illegible]

DIV. OF OIL, GAS & MINING

**APPLICATION FOR TRANSFER, ASSIGNMENT OR SALE OF THE WILDCAT
LOADOUT FACILITY -- PERMIT NO. C/007/033**

Introduction

This Application for Transfer, Assignment or Sale ("**Application**") is submitted by Intermountain Power Agency ("**IPA**") regarding IPA's proposed acquisition of all interest in the Wildcat Loadout Facility ("**Facility**") and associated permit rights currently held by ANDALEX Resources, Inc. ("**ANDALEX**"). The Application is submitted pursuant to Utah Code Ann. § 40-10-12, Utah Admin. R. R645-303-300 and Coal Regulatory Program Directive Adm-004, Permit Transfers, Ownership and Control Changes. IPA will also submit a form C-1 and C-2 with the legal and financial information provided in this Application for insertion into the approved Mining and Reclamation Plan ("**MRP**"). See Directive No. Adm-004 ¶ 5 at p.3.

R645-303-321 – Application Requirements

321.100. The name and address of the existing permittee and permit number or other identifier:

ANDALEX Resources, Inc.
794 North "C" Canyon Road
P.O. Box 910
East Carbon, Utah 84520

Wildcat Loadout Facility, Permit No. C/007/033 (the "**Permit**").

321.200. A brief description of the proposed action requiring approval:

ANDALEX is transferring to IPA all of its interest in the Facility and the Permit. The parties have entered into a Transfer Agreement wherein ANDALEX has agreed to convey all of its interest in the Facility to IPA. A copy of the Transfer Agreement is set forth in Appendix "A".

321.300. The legal, financial, compliance, and related information required by R645-301-100 for the applicant for approval of the transfer, assignment, or sale of permit rights:

R645-301-100—Legal, Financial and Compliance Requirements.

112. Identification of Interests:

112.100. A statement as to whether the applicant is a corporation, partnership, single proprietorship, association or other business entity:

IPA is a political subdivision of the State of Utah created under the Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Ann.

112.210. Applicant's name, address, telephone number and EIN:

Intermountain Power Agency
10653 South River Front Parkway, Suite 120
South Jordan, Utah 84095
(801) 938-1333
EIN: (Provided in confidential attachment at Appendix "B")

112.220. Applicant's resident agent's name, address, telephone number and SSN:

James A. Hewlett
Intermountain Power Agency
10653 South River Front Parkway, Suite 120
South Jordan, Utah 84095
SSN: (Provided in confidential attachment at Appendix "B")

112.230. Name, address, telephone number and EIN of person who will pay the abandoned mine land reclamation fee:

Intermountain Power Agency
10653 South River Front Parkway, Suite 120
South Jordan, Utah 84095
(801) 938-1333
EIN: (Provided in confidential attachment at Appendix "B")

112.300. For each person who owns or controls the applicant under the definition of "owned or controlled" and "owns or controls" in R645-100-200 of this chapter, as applicable:

112.310. The person's name and address:

<u>Name</u>	<u>Address</u>	<u>Title</u>	<u>Date Position Assumed</u>
Officers:			
Ted L. Olson	10653 South River Front Parkway, #120 South Jordan, Utah 84095	Chairman	August 2010
R. Leon Bowler	10653 South River Front Parkway, #120 South Jordan, Utah 84095	Vice Chairman	December 1984
Ed Collins	10653 South River Front Parkway, #120 South Jordan, Utah 84095	Secretary	August 2010
Russell F. Fjeldsted	10653 South River Front Parkway, #120 South Jordan, Utah 84095	Treasurer	March 2007

<u>Name</u>	<u>Address</u>	<u>Title</u>	<u>Date Position Assumed</u>
Directors:			
R. Leon Bowler	10653 South River Front Parkway, #120 South Jordan, Utah 84095	Director	June 1977
Ted L. Olson	10653 South River Front Parkway, #120 South Jordan, Utah 84095	Director	January 1990
Russell F. Fjeldsted	10653 South River Front Parkway, #120 South Jordan, Utah 84095	Director	January 1992
Walter Meacham	10653 South River Front Parkway, #120 South Jordan, Utah 84095	Director	January 1999
Robert O. Christiansen	10653 South River Front Parkway, #120 South Jordan, Utah 84095	Director	June 2007
Ed Collins	10653 South River Front Parkway, #120 South Jordan, Utah 84095	Director	June 2007
Fred Moss	10653 South River Front Parkway, #120 South Jordan, Utah 84095	Director	August 2010
General Manager			
James A. Hewlett	10653 South River Front Parkway, #120 South Jordan, Utah 84095	General Manager	December 2007

112.320: The person's ownership or control relationship to the applicant, including percentage of ownership and location in organizational structure:

IPA is a political subdivision of the State of Utah created under the Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Ann. IPA has no shareholders or partners and has issued no stock or any partnership interests. For relationship information see response to 112.310 above.

112.330: Title of Officers, Directors, General Manager and date and position assumed and date of departure:

See response to 112.310 above.

112.340. Each additional name and identifying number, including EIN, permit number and MSHA number under which IPA owns or controls a coal mining operation in the United States within five years preceding the date of the Application.

1. IPA owned a 50% undivided interest in the real property interests of the West Ridge Mine, Utah Coal Program Permit No. C/007/041, West Ridge Resources, Inc., Permittee, MSHA ID No. 42-02233. Effective as of September 29, 2010, IPA conveyed all of its interest in the West Ridge Mine to ANDALEX.
2. IPA owned a 50% undivided interest in the real property interests of the Crandall Canyon Mine, Utah Coal Program Permit No. C/015/032, Genwal Resources, Inc., Permittee, MSHA ID No. 42-01715. Effective as of September 29, 2010, IPA conveyed all of its interest in the West Ridge Mine to ANDALEX.

112.350. The application number or other identifier of, and the regulatory authority for, any other pending coal mine operation permit application filed by IPA in any State in the United States.

None.

112.400. For any coal mining and reclamation operation owned or controlled by either the applicant or by any person who owns or controls the applicant under the definition of "owned or controlled" and "owns or controls" in R645-100-200 the operations:

112.410: Name, address, identifying numbers, including employer identification number, Federal or State permit number and MSHA number, the date of issuance of the MSHA numbers and the regulatory authority:

None.

112.420: Ownership or control relationship to the applicant, including percentage of ownership and location in organizational structure.

None.

112.500: The name and address of each legal or equitable owner of record of the surface and mineral property for the coal loading activities, each holder of record of any leasehold interest in the property for the coal loading activities and any purchaser of record under a real estate contract for the property for the coal loading activities:

1. Permittee

ANDALEX Resources, Inc.
794 North "C" Canyon Road
P.O. Box 910
East Carbon, Utah 84520
(435) 867-5331

The existing interests of ANDALEX will be transferred to Applicant upon completion of the transfer of the Facility in accordance with the terms of the Transfer Agreement.

2. Permit Applicant

Intermountain Power Agency
10653 South River Front Parkway
Suite 120
South Jordan, Utah 84095
(801) 938-1333

Applicant has an equitable interest pursuant to the terms of the Transfer Agreement and will acquire the interests of ANDALEX in accordance with the terms of said agreement.

3. Other Legal and Equitable Owners of Record

Bureau of Land Management
Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155
(801) 539-417

Utah Railway Co.
P.O. Box 11608
Salt Lake City, Utah 84147
(801) 521-3447

All land within the permit area in question is owned by the United States of America and is leased by the Utah Railway Company and ANDALEX.

4. Purchasers of Record Under Real Estate Contracts

To the best of IPA's knowledge, there are no purchasers of record under any real estate contracts of areas to be affected by surface operations and facilities of this Facility and there are no purchasers of record under any real estate contracts of the coal to be loaded out.

112.600: The name and address of each owner of record of all property (surface and subsurface) contiguous to any part of the proposed permit area:

Bureau of Land Management
Utah State Office
Federal Building
Salt Lake City, Utah 84111
(801) 524-3004

112.700. The MSHA numbers for Wildcat Loadout Facility:

Loadout: MSHA ID 42-01864
Refuse Pile: MSHA ID 1211-UT-09-01864-01

112.800. Statement regarding contiguous lands:

IPA holds no interest in lands, options, or pending bids on interests for lands contiguous to the Facility.

113. Violation Information:

113.110-120. A statement of whether the applicant or any subsidiary, affiliate or persons controlled by or under common control with the applicant has:

1. Had a federal or state permit to conduct coal mining and reclamations operations suspended or revoked in the five years preceding the date of submission of the application or

2. Forfeited a performance bond or similar security deposit in lieu of bond.

Neither IPA nor any subsidiary, affiliate or persons controlled by or under common control with IPA has:

1. Had a federal or state permit to conduct coal mining and reclamation operations suspended or revoked in the five years preceding the date of submission of the Application; or

2. Has forfeited a performance bond or similar security deposited in lieu of bond.

113.200. Explanation of Permit or Bond forfeiture:

None.

113.300-350. A list of all violation notices received by IPA during the three year period preceding the Application date and a list of all unabated cessation orders and unabated air and water quality violation notices received prior to the date of the Application by any coal mining and reclamation operation owned or controlled by either the applicant or by any person who owns or controls the applicant:

None.

645-301-114 Right of Entry Information

114.100 Documentation upon which applicant bases its legal right of entry

The legal right to enter and conduct coal loading activities in the permit area (which will be transferred to IPA pursuant to the terms of the Transfer Agreement) include the following:

1. Bureau of Land Management ("BLM") Right of Way No. U-48027 dated January 1982 between Tower Resources, Inc. and BLM, as amended by that certain Amendment dated February 5, 2007. This right of way contains 250 acres within Section 33, Township 13 South, Range 9 East, SLBM.
2. BLM Right of Way No. U-52810 dated May 1984. The right of way contains 10.37 acres within Sections 28 and 33, Township 13 South, Range 9 East, SLBM.
3. Lease dated December 1, 1981 between Utah Railway Company and Tower Resources, Inc., as amended by that certain Lease Amendment dated February 8, 1983. The Lease covers thirteen acres within Section 33, Township 13 South, Range 9 East, SLBM.

The permit area is located on 100.19 acres on the following described lands:

Township 13 South, Range 9 East, SLBM

Section 33: NW1/4SE1/4, N1/2SW1/4SE1/4, E1/2E1/2NE1/4SW1/4, E1/2NE1/4SE1/4SW1/4, NE1/4SE1/4SE1/4SW1/4, NW1/4SW1/4SW1/4SE1/4, E1/2SE1/4SW1/4NE1/4 and Portions of N1/2NW1/4NE1/4SE1/4, NE1/4SW1/4NE1/4, SW1/4SW1/4NE1/4, NW1/4SE1/4SW1/4NE1/4, W1/2NE1/4SW1/4, W1/2E1/2NE1/4SW1/4, W1/2E1/2SE1/4SW1/4, containing 100.19 acres.

114.200 Severed surface and mineral estates

Not applicable.

114.210 Written surface owner consent for coal extraction

Not applicable.

114.220 Conveyance expressly granting right to mine coal

Not applicable.

114.230 Documentation of legal authority to mine coal

Not applicable.

114.300 Adjudication of property rights disputes

The Division does not have the authority to adjudicate property rights disputes.

R645-301-115 **Status of unsuitability claims**

115.100 **Identification of lands unsuitable**

None. To the best of IPA's knowledge, the permit area is not within an area designated unsuitable for coal mining and reclamation operations, specifically coal load activities.

115.200 **Claims of exemption by commitment prior to January 4, 1997.**

None.

115.300 **Mining and reclamation operations within 300 feet of an occupied dwelling or within 100 feet of a public road.**

None.

R645-301-116 **Permit term.**

116.100 **Schedule of phased mining and reclamation activities.**

No change from current MRP.

116.200 **Permit term in excess of five years.**

The current term of this Permit is five years. IPA will apply for five-year extensions over the life of the Facility.

116.210 **Completeness and accuracy for longer term.**

Not applicable.

116.220 **Demonstration of need for longer term.**

Not applicable.

R645-301-117 **Insurance, proof of publication and facilities or structures.**

R645-301-117.100 **Liability Insurance.**

IPA's evidence of self insurance is provided in Appendix "A".

322. Advertise the filing of the Application in a newspaper of general circulation in the locality of the operations involved, indicating the name and address of the applicant, the permittee, the permit number or other identifier, the geographic location of the permit, and the address to which written comments may be sent:

The following notice will be published in the Sun Advocate, Price, Utah:

Intermountain Power Agency (IPA), a political subdivision of the State of Utah, having offices located at 10653 South Riverfront Parkway, Suite 120, South Jordan, Utah 84095, has filed with the Utah Division of Oil, Gas and Mining an application for transfer of the existing Mining and Reclamation Permit No. C/007/033 for the Wildcat Loadout Facility, located at 3 miles west of Highway 6 on Consumers Road, Helper, Utah. The application transfers to IPA all of the interest in the mine permit held by ANDALEX Resources, Inc. The permit area is located in Carbon County, Utah, depicted on the Standardville USGS topographic quadrangle map. The existing permit area is described as follows:

Township 13 South, Range 9 East, SLBM

Section 33: NW1/4SE1/4, N1/2SW1/4SE1/4, E1/2E1/2NE1/4SW1/4, E1/2NE1/4SE1/4SW1/4, NE1/4SE1/4SE1/4SW1/4, NW1/4SW1/4SW1/4SE1/4, E1/2SE1/4SW1/4NE1/4 and Portions of N1/2NW1/4NE1/4SE1/4, NE1/4SW1/4NE1/4, SW1/4SW1/4NE1/4, NW1/4SE1/4SW1/4NE1/4, W1/2NE1/4SW1/4, W1/2E1/2NE1/4SW1/4, W1/2E1/2SE1/4SW1/4, containing 100.19 acres.

A copy of this application is available for inspection at the Division of Oil, Gas and Mining at 1594 West North Temple, Suite 1210, Salt Lake City, Utah. Comments, objections or requests for informal conference on the application should be submitted within 30 days to: Utah Coal Program, Division of Oil, Gas and Mining at 1594 West North Temple, Suite 1210, P.O. Box 145801, Salt Lake City, Utah 84114-5801.

Published in the Sun Advocate _____, 2011.

323. Obtain appropriate performance bond coverage in an amount sufficient to cover the proposed operations, as required under R645-301-800.

IPA will replace (or take an assignment of) the performance bond coverage of ANDALEX currently secured with two surety bonds with Rockwood Casualty Insurance Company in the amounts of \$651,000 and \$493,000. A copy of the bonds will be included in Appendix "A" upon approval of this Application.

APPENDIX A

Confidential Agreements, Insurance and Bonds

A-1: Copy of Confidential Agreements

A-2: Insurance

A-3: Bonds

CONFIDENTIAL

APPENDIX A-1

[Copy of Confidential Agreements]

CONFIDENTIAL

APPENDIX A-2

[Insurance]

CONFIDENTIAL

APPENDIX A-3

[Bonds]

CONFIDENTIAL

APPENDIX B

Private Information